



TOWN OF BETHANY

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Paula Cofrancesco
First Selectman
Town of Bethany
March 18, 2022

I believe Ms. Gara has covered all the key reasons (below) why this bill should be opposed. I strongly agree with her and also respectfully request that lawmakers oppose the bill. As a small town, we need to know what are expected revenues will be. Full reimbursement sounds good, but I am concerned, as is noted by Ms. Gara, that it would be phased out leaving the burden to fall on our taxpayers. Our taxpayers are burdened enough.

Once again, I urge lawmakers to oppose this bill.

Betsy Gara
Executive Director
Connecticut Council of Small Towns
Before the Appropriations Committee
March 18, 2022

The Connecticut Council of Small Towns (COST) **opposes the provisions in SB-9, AN ACT IMPLEMENTING THE GOVERNOR'S BUDGET RECOMMENDATIONS FOR GENERAL GOVERNMENT**, which would reduce the cap on motor vehicle property taxes from 45 mills to 29 mills.

The property tax on motor vehicles generates approximately \$1 billion each year in local revenues – revenues which are relied upon to fund critical services, including education, public safety, infrastructure, and public works. COST appreciates that the Governor's proposal includes a mechanism aimed at fully reimbursing municipalities for lost revenues.

However, COST is concerned that this reimbursement will be phased out over time or swept completely when the state faces challenging budget years. **Without a fail-safe mechanism for fully reimbursing municipalities for lost property tax revenues, capping car taxes will simply shift an even greater burden onto already overburdened homeowners and small businesses.**

In the past, funding to reimburse municipalities and make them whole under state mandated property tax exemptions has been cut, capped or swept. In addition, some car tax cap proposals considered by the state legislature in previous years would have redirected local revenues to other municipalities.

According to the recently released 2022 Tax Incidence Report prepared by the state Department of Revenue Services, property taxes continue to impose a significant burden on individual taxpayers and small businesses. Capping car taxes without fully reimbursing towns will simply shift an even greater burden onto already overburdened homeowners and small businesses.

While we understand the frustration that many have regarding the car tax, prior efforts to reduce the car tax have fallen short. The Municipal Revenue Sharing Account, which was created to offset lost revenues due to the car tax cap, was not fully funded. As a result, the cap was increased from 39 mills to 45 mills. Although this may have provided nominal relief to car owners in certain municipalities, this relief was largely offset by increases in property taxes on homes and businesses and associated increases in the cost of goods and services, including rents.

Towns need predictable revenue streams to operate efficiently, plan for future growth, and implement capital plans to maintain and upgrade critical infrastructure. Efforts to eliminate or cap car taxes and replace lost revenue with inadequately funded state programs, have created uncertainty in local revenue streams, undermining local government operations and the delivery of services.

COST respectfully urges lawmakers to oppose the bill.

Founded in 1975, COST is the state's only organization dedicated exclusively to advocating on behalf of the interests of Connecticut's smaller towns.